

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	
Federal-State Joint Board on)	CC Docket No. 96-45
Universal Service)	
)	
Forward-Looking Mechanism for)	CC Docket No. 97-160
High Support for Non-Rural LECs)	

**REPLY COMMENTS OF AMERITECH
REGARDING OUTSIDE PLANT ASPECTS OF COST MODEL**

Ameritech¹ submits these reply comments on the outside plant aspects of a potential model for the calculation of forward-looking costs that are supported by the universal service mechanism in states that elect not to submit cost studies.²

The Commission took special care in its universal service order to ensure that technology neutrality would be one of the standards for establishing universal service policies.³ Within the context of developing a forward-looking mechanism to estimate the economic costs for supported services, the Commission has thus sought comment about the extent of inclusion of non-wireline

¹ Ameritech means: Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, The Ohio Bell Telephone Company, and Wisconsin Bell, Inc.

² *In the Matter of Federal-State Joint Board on Universal Service, Forward-Looking Mechanism for High Cost Support for Non-Rural LECs*, CC Docket Nos. 96-45, 97-160, Further Notice of Proposed Rulemaking, FCC 97-256 (released July 18, 1997) ("FNPRM") at ¶¶55-120.

³ See Universal Service Order, CC Docket No. 96-45 (May 8, 1997) at ¶49.

technologies within the selected mechanism.⁴ Several parties responded to this specific request. Many parties concluded either that there was insufficient time in the Commission's schedule to develop a detailed mechanism incorporating wireless technologies or that wireless technologies integrated into a wireline network are not reasonable technologies for providing supported services that are currently being deployed. Only AirTouch and Nortel provided contrary comments.

Wireless loop technologies have evolved over time, and continue to change in response to customer desires and technology improvements. Older wireless loop technologies are typified by Basic Exchange Telephone Radio Service ("BETRS"). The FCC identified several VHF and UHF frequency bands that were deemed underutilized and allowed them to be licensed for basic exchange service in remote areas. Apparently AirTouch concludes that the fact that some incumbent LECs use BETRS is evidence that this wireless technology is more efficient than wireline technology for some companies.⁵ While looking at embedded plant within the context of an actual operating telephone company is useful, it is insufficient in this case to determine the forward-looking efficient choice that the hypothetical LEC faces within the context of a FLEC mechanism. Ameritech has not adopted BETRS as a forward-looking technology for several reasons. There is not enough spectrum, equipment prices are high, relatively rigid

⁴FNPRM at ¶98-102.

⁵See AirTouch, p. 7.

licensing requirements are in place, and interference problems exist from other users. In addition, this specific technology may inhibit the efficient deployment of advanced telecommunications services.

There are several emerging technologies worthy of consideration for non-wireline loop applications. Three of these are Personal Communications Services ("PCS"), Code Division Multiple Access ("CDMA") and Low Earth Orbit ("LEO") satellites. AirTouch proceeds forward by providing a sample of recent studies for some of these technologies that may be useful for developing a wireless threshold for the selected mechanism.⁶ Nortel as a manufacturer of many of these emerging technologies also offers its assistance.⁷ Nevertheless, Nortel raises spectrum allocation issues that they claim are necessary to make certain wireless loop technologies feasible within the United States.⁸ Finally, Nortel describes the technology trial currently underway with Bell Canada.⁹ As Bell Canada indicates in its press release, this trial should enable Bell Canada to determine the feasibility of a fixed wireless technology providing its rural customers with services and features that are currently only available to its urban customers.¹⁰

⁶See AirTouch, pp. 10-12.

⁷See Nortel, p. 10.

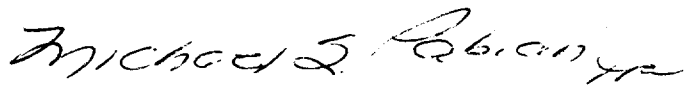
⁸See Nortel, p. 6-10.

⁹See Nortel, pp. 5-6.

¹⁰See Bell Canada's web site for the full press bulletin at <http://www.Bell.ca/bell/eng/library/nr/97/sb97e29.htm>.

Based on Ameritech's experiences, as mentioned in its comments, along with the current status of the Bell Canada trial, Ameritech concludes that these emerging technologies are not yet ready for deployment in non-rural LEC networks. Consequently, even the use of a simple wireless threshold such as found in the current version of the BCPM model is not currently necessary in order to estimate the forward-looking economic costs of supported services.

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CERTIFICATE OF SERVICE

I, Todd H. Bond, do hereby certify that a copy of the foregoing Reply Comments of Ameritech Regarding Outside Plant Aspects of Cost Model has been served on the parties listed on the attached service list, via first class mail, postage prepaid, on this 3rd day of October, 1997.

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